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United States Virgin Islands

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I. Background information

1. The United States Virgin Islands is a Non-Self-Governing Territory administered by the United States of America. The Territory is located in the eastern part of the Caribbean Sea, approximately 1,000 miles south-east of Miami and 45 miles east of Puerto Rico. The Territory is made up of three main islands (St. Croix, St. John and St. Thomas) and one small island (Water Island). The capital, Charlotte Amalie, is located on St. Thomas. The Islands were Danish territory from 1754 to 1917, when they were purchased for 25 million United States dollars (US$) by the United States of America. The Office of Insular Affairs carries out the Secretary of the Interior's responsibilities for the Territory.

2. The population of the Territory in 2007 was estimated at 108,448, with approximately 4,250 people living in St. John and the rest almost equally divided between St. Thomas and St. Croix. About 50 per cent of the population is younger than 35 years of age. The composition of the Territory's population is 76 per cent black, 13 per cent white and 11 per cent other.[1]

II. Constitutional, political and legal issues

A. General

3. The United States Virgin Islands is an organized, unincorporated Territory of the United States. Under the Organic Act of the Virgin Islands (1936) and its revision in 1954, the Territory has a measure of self-government over local affairs, including a Legislature, a unicameral body comprising 15 senators that are elected for a two-year term by popular vote. Executive power is vested in a Governor, who has been elected on the same ticket as the Lieutenant-Governor since 1970 by popular vote for a four-year term. The Governor is limited to two consecutive terms, but can be elected again after one full term out of office. The Governor appoints, with the advice and consent of the Legislature, the heads of the executive departments and has the power to approve or veto legislation and issue executive orders. On the national level, the Territory elects a delegate to the United States Congress, who is able to vote in committees.

4. Since the Organic Act of the Virgin Islands was revised by the administering Power in 1954, there have been four attempts to replace it with a locally written constitution approved by the people of the Territory, which would organize the internal mechanisms of Government. Although the United States Congress authorized the adoption of a local constitution in 1976, none of the four attempts made since has been successful.

5. In October 2004, former Governor Charles W. Turnbull signed into law the Fifth Constitutional Convention, which was to be the fifth attempt at elaborating a local constitution. After years of delay, an election for 30 delegates to form the

Note: The information contained in the present paper has been derived from published sources, including those of the territorial Government, and from information transmitted to the Secretary-General by the administering Power under Article 73 *e* of the Charter of the United Nations.

[1] Office of Insular Affairs (www.pacificweb.org); United States Central Intelligence Agency, *The World Factbook*, last updated 6 March 2008.

Constitutional Convention took place on 12 June 2007. The Convention opened on 29 October 2007, after being postponed from July because of a complaint that was lodged relating to the distribution of seats between St. Thomas and St. John. The elected delegates have until July 2008 to draft a constitution, which has to be approved by a two-thirds majority of the Convention delegates. The constitution will then be forwarded to the Governor, who has 60 days to add his comments before it is submitted to the United States Congress, which also has 60 days to review it, as well as the power to add or delete by amendment. Upon approval by Congress, a referendum could be held in the Virgin Islands to ratify the document.[2]

6. The Convention is working in 12 standing committees covering different issues such as legislation, jurisdiction, citizenship, finance and education.[3] Since the inauguration of the Convention, the delegates have expressed their concerns about the financial and organizational resources provided to them, arguing that the initial budget allocation of $100,000 was not sufficient to cover the Convention's operating expenses for travel, staff and expertise. In January 2008, the delegates approved a new budget proposal of $3.3 million to present to the territorial legislature.[4] Also in January 2008, the Constitutional Convention accepted an offer from the Florida Stetson University College of Law, Institute for Caribbean Law and Policy, to assist in the drafting of the constitution at no charge.[5]

7. At the Caribbean regional seminar on decolonization, held in Grenada in May 2007, Dr. LaVerne Ragster, President of the University of the Virgin Islands, along with Attorney Trevenzia Roach, discussed the ramifications of the Constitutional Convention and the public education programme that the University was undertaking to inform the public on matters and issues pertaining to the adoption and operation of the proposed constitution for the Territory. Dr. Ragster noted that while the term "local constitution" appeared to suggest that it was an act of self-determination, United States federal law clearly stated that no local constitution could affect the United States Virgin Islands' status as a "territory or other property" of the United States as referred to in the territorial clause of the United States Constitution. This was confirmed in the United States Public Laws 94-584 of 21 October 1976, and 96 597 of 24 December 1980, where it is specified that such a constitution should "recognize, and be consistent with, the sovereignty of the United States over the Virgin Islands". According to Dr. Ragster, the formulation of a local constitution, however, "would not prevent the resident of the Territory from one day making a determination with regard to its ultimate political status". Regarding the Territory's political status, the first and only referendum on a range of political options was conducted in 1993. However, only 27 per cent of the electorate voted and, of those, 80.3 per cent voted to retain the current status. The result was considered invalid since less than 50 per cent of the electorate had voted.

8. With regard to the Territory's judicial system, the recently established Supreme Court, which swore in its judges in December 2006, became operational in January 2007. According to the President of the United States Virgin Islands Bar Association, Amos Carty, the establishment of the Supreme Court would eliminate

[2] *The Virgin Islands Daily News*, 27 October 2007.
[3] Ibid., 30 October 2007.
[4] *St. Thomas Source*, 15 January 2008; *The Virgin Islands Daily News*, 13 February 2007.
[5] *Caribbean Net News*, 22 January 2008.

federal judicial involvement in purely local legal matters.[6] However, in September 2007, the territorial Senate cut the budget proposal for the Court by 80 per cent, which could impede its "ability to operate", according to minority Senator Louis Patrick Hill, who said that he had submitted an amendment to remedy this "error in judgement".[7] More information on the Territory's judicial system can be found in the 2005 working paper (A/AC.109/2005/9).

B. Recent elections and political developments

9. The Territory's last legislative elections, held on 7 November 2006, resulted in the election of 15 senators, namely, 8 Democrats, 4 members of the Independent Citizens' Movement and 3 non-party affiliates. The next legislative elections will be held in November 2008.

10. In the November 2006 election for the position of Governor, John deJongh of the Democratic Party won a run-off against the Independent Party candidate with 57 per cent of the vote. Donna M. Christensen, also a Democrat, was re-elected to her sixth two-year term as the United States Virgin Islands Delegate to the United States Congress, with 63 per cent of the vote. Since January 2007, Ms. Christensen has held the chairmanship of the Subcommittee on Insular Affairs of the House Committee on Natural Resources.[8] In this role she has general oversight on issues before the Territories and the Free Associated States, such as budget allocations and other sources of federal funding.[9]

11. In his second State of the Territory address, in January 2008, Governor deJongh described the State of the Territory, despite uncertainties and challenges, as one of "determination and hope". He said that his policy priority for the past year and for the future was to address what he called systematic problems and dysfunctions of a territorial Government "adrift", the situation he had encountered upon assuming office. Priority would be placed on fighting corruption and implementing more efficient and people-oriented government policies. He underscored the need for sound economic development policies, whereby the Government would "align resources with priorities", which, in the coming year, would include increased investment in the Territory's education system and infrastructure. The Government also intended to enforce a zero-tolerance policy on crime while addressing internal problems in the law enforcement agencies, where he said there was a culture of "disdain and disregard" for the people of the islands.

12. Concerning relations with the federal authorities, Governor deJongh outlined ongoing efforts to negotiate the return of control over the Virgin Islands Housing Authority from the federal Government. With regard to the newly installed Constitutional Convention, he stated that his wish was that it would embrace the Territory's "history and diversity", reflecting the nature of the United States Virgin Islands, which he described as a "testament to the power of immigration" and a "land of opportunity" with "rights and liberties for all".[10]

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[6] www.caribbeannetnews.com, 21 December 2006.

[7] www.caribbeannetnews.com, 19 September 2007.

[8] Ibid., 1 February 2007.

[9] www.caribbeannetnews.com, 1 February 2007.

[10] State of the Territory address, 22 January 2008, www.governordejongh.com.

III. Budget

13. In June 2007, at the presentation of the budget for the fiscal year 2008, Governor deJongh said that the financial condition of the Government remained precarious and that fundamental problems existed which would take years to address. The Governor further noted that in past years the operating budget had failed to fund a number of financial and legal obligations.

14. The budget for the fiscal year 2008, which began in October 2007, amounted to $779 million, up from $650 million in 2007. The main areas of Government expenditures for 2008 were education reform, public safety and institutional reforms. As outlined in the Governor's 2008 State of the Territory address, a nearly completed multi-year capital investment plan would integrate all areas of funding available to the Government and prioritize and fund projects across all agencies and departments. That plan projected the expenditure of $700 million in capital infrastructure over a six-year period. While money would be spent across the board, the largest areas of expenditure would be for solid waste, wastewater, education and transportation.[11]

15. Legislation which repealed a 1936 federal law limiting the authority of the territorial Government to administer its own property tax system was signed into law by President George W. Bush in June 2007. Governor deJongh thanked the United States Government for repealing the law, thereby allowing the territorial Government to assess and collect "real" property taxes in the Territory. In March 2008, the Territorial Senate passed a property tax reform law which was signed into law by the Governor.[12]

16. In 2005, the territorial Government had embarked on the implementation of a new financial management system which would connect and allow for ways to optimize the use of different branches of finances. According to information provided by the administering Power, the software system, Enterprise Resource Planning System, has been operational since October 2007 with respect to financial and budget modules. For other modules, including payrolls, human resources and fixed assets, installation is still ongoing and due to come online by January 2009.[13] During his State of the Territory in January 2008, Governor deJongh acknowledged that the system's full implementation was yet to be achieved and remained a "great challenge".[10]

17. A recent audit report by the United States Office of the Inspector General revealed significant weaknesses and underperformance on behalf of the Territory's financial institutions. The report found that the Territory's Internal Revenue Bureau and the Finance Department had failed to collect more than $253 million in taxes during the period 1997-2007. A Regional Audit Manager identified a "systematic breakdown" and called the process of tax collection "inefficient, ineffectual and not fully in compliance with the law". The territorial Government announced in January

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[11] *Caribbean Net News*, 1 June 2007.

[12] See www.governordejongh.com, 29 June 2007; Caribbean Net News, 8 February and 11 March 2008.

[13] Information provided by the administering Power on 18 March 2008, and *St. Croix Source*, 6 March 2007.

2008 that it had already begun searching for external consultants to undertake the implementation of the recommendations given in the report.[14]

18. With regard to past overdue fiscal audits of federal funds, the 2005 audit has been completed and was published in February 2008. The administering Power anticipates that the 2006 audit will be completed by November 2008; the 2007 audit by May 2009; the 2008 audit by December 2009; and the 2009 audit by May 2010. Thereafter, it is expected that the Territory will remain in compliance with the requirements of the federal Government's Single Audit Act.[15]

IV. Economy

A. General

19. During a speech to community members and Government officials on 25 January 2008, Governor deJongh described the Territory's financial state as "precarious", with Government expenditures exceeding collected revenues, even though gross domestic product (GDP) grew by 3.6 per cent in 2007 to $4.1 billion. During 2007, some 975 more jobs were added to the economy, mostly in the private sector.[10] Growth was mainly driven by private sector development particularly in the areas of tourism, construction and retail trade.[16] However, the weak overall performance of the United States economy has given rise to concerns about the Territory's economic development as well. A federal economic stimulus programme was passed by the United States House of Representatives in January 2008, which is expected to pump over $30 million into the United States Virgin Islands.[17] Economic measures announced by the territorial Government include the previously mentioned six-year capital investment programme worth $700 million.[18]

20. A key element in the Territory's economic policy is the Economic Development Commission tax incentive programme. Responsible for promoting the development and diversification of the territorial economy, the Commission is empowered to grant tax reductions such as full exemption from property taxes and up to 90 per cent of local income taxes (see also para. 32 below).

21. Regarding trade, the United States Virgin Islands benefits from duty-free and quota-free export regulations to the mainland, and preferential duty-free access for certain goods to many other countries. The Territory also continues to be exempt from the Jones Act, which requires that freight moving between United States ports be carried by United States-flagged ships.

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[14] *Caribbean Net News*, 31 January 2008; *St. Thomas Source*, 24 January 2008.

[15] Information provided by the administering Power on 18 March 2008.

[16] United States Virgin Islands Economic Review and Industry Outlook, United States Virgin Islands Bureau of Economic Research, www.usviber.org, April 2007.

[17] *Caribbean Net News*, 30 January and 14 February 2008.

[18] *St. Thomas Source*, 25 January 2008.

B. Economic sectors

1. Agriculture and fisheries

22. Historically, sugarcane and to a lesser extent cotton were the main revenue sources for the Territory's economy. At the present time, the agricultural sector, mainly fruit and vegetable cultivation and cattle-raising, accounts for only about 1 per cent of GDP and 1 per cent of the labour force, with most food being imported.[19]

23. While the commercial fishing sector in the Territory is small, there is growing concern about the marine ecosystem and the fish population. In 2006 the Division of Fish and Wildlife of the territorial Department of Planning and Natural Resources developed the "United States Virgin Islands Marine Resources and Fisheries Strategic and Comprehensive Conservation Plan", addressing such issues as key species and their habitats, pollution, overfishing, and habitat degradation, and includes proposals for necessary and priority conservation measures to implement the plan.[20] In July 2007, the Department decided to close the conch fishing season until January 2008 in an attempt to prevent a collapse of the conch fishery caused by overfishing.[21]

2. Manufacturing and industry

24. According to information provided by the administering Power, manufacturing incentives continue to be provided by a trade regime that confers unique advantages on the United States Virgin Islands. Items assembled in the Territory can be exported duty free into the United States, even if up to 70 per cent of the value consists of foreign dutiable components. Other incentives include 90 per cent exemption from local corporate income taxes for 10 to 15 years for new manufacturers.

25. The number of manufacturing jobs grew slightly, by 1 per cent in the first five months of 2007 compared to the corresponding period in 2006, mainly owing to a good performance in the production of refined petroleum and local rum, offsetting downturns in other sectors.[16]

26. The industrial sector remains dominated by Hovensa LLC, the third largest refinery in the Western Hemisphere and the eighth largest in the world. Situated in St. Croix, it produces approximately 500,000 barrels of refined petroleum products daily.[22] It is expected that 2007 export figures for refined petroleum will show growth beyond 2006 sales of $10 billion, owing to increased demand and higher oil prices on the world market.[16]

27. The rum industry has consistently been the second biggest performer in the Territory's manufacturing sector. In 2006, a record 7.7 million gallons of proof rum were shipped to the United States, up 17 per cent over 2005 figures, with further growth expected for both 2007 and 2008.[23]

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[19] Central Intelligence Agency, *The World Factbook*, 2008.

[20] See www.vifishandwildlife.com.

[21] *St. Thomas Source*, 30 July 2007.

[22] www.hovensa.com.

[23] United States Virgin Islands Economic Review and Industry Outlook, op. cit., October 2006 and April 2007.

28. A tax rebate formula enacted by Congress in 1999, which favoured the export of rum to the United States for two-year periods at a time, expired on 31 December 2007. According to information provided by the administering Power, it is anticipated that the United States Congress will soon act on pending legislation that would continue the rebate for another two years, effective 1 January 2008. In addition, the Territory's Delegate to Congress, Donna Christensen, has submitted legislation to extend the rebate permanently and it is considered likely by the administering Power that the legislation will receive a favourable review by the Congress.[15]

3. Construction

29. During the first months of the fiscal year 2007, growth in the construction sector remained at the 2006 level of 15 per cent, owing to several new capital projects, such as the 57,000 square foot Regional Library and Record Centre on St. Thomas, as well as affordable housing development and road construction on both St. Thomas and St. Croix. In April 2007, the latest *Economic Review and Industry Outlook* from the United States Virgin Island Bureau of Economic Research predicted an even higher growth rate for the construction sector, with additional private sector projects such as the construction of sewage and solid waste disposal facilities at the oil refinery.[16]

4. Tourism

30. Economic growth in the tourism sector, the most important industry of the Islands, started to slow in 2006. There was moderate growth in 2007, with an increase of 2.9 per cent in air arrivals and a decline of 0.2 per cent in cruise passengers during the first 11 months of the year. Total tourist arrivals for the period reached 2,308,990, compared to 2,294,326 in 2006.[24]

31. In April 2007, the Territory's Department of Tourism, in conjunction with its Hotel and Tourism Association finalized a major marketing campaign inspired by the ninetieth anniversary of Transfer Day, a celebration of the Territory's transfer from Denmark to the United States in 1917. In addition, major music and sporting events on both St. Thomas and St. Croix in November 2007 proved successful in raising air arrivals by 3 per cent during that month alone.[25] In January 2008, it was announced that Disney Cruise Lines would add St. Croix to its eastern and western Caribbean itineraries as of 2009, with seven port calls in total for the year. In early 2009, Asamara Cruise Lines will also include St. Croix in the itineraries of two 700-passenger cruise ships. Disney will be the first cruise line to call on St. Croix since 2002, when Carnival Cruise Line, followed by Royal Caribbean, pulled out, citing concerns about rising crime on the island and lack of passenger interest in the destination. The total economic loss to the island has been estimated to be $45 million a year.[26] Governor deJongh met with representatives from the Florida Caribbean Cruise Association in January 2008 to explore how to address the needs of the cruise industry, as the islands were seeking to promote increased cruise traffic and revitalize the visitor experience.[27] While in Florida, the Governor also met with

[24] *The Virgin Islands Daily News*, 20 February 2008.
[25] *Caribbean Net News*, 12 April 2007 and 8 January 2008.
[26] *The Virgin Islands Daily News*, 11 January 2008.
[27] *Caribbean Net News*, 8 December 2007 and 7 January 2008.

American Airlines to continue discussions on the possibility of an increase in direct air service to St. Croix in particular.[26]

C. Financial services

32. Financial services companies, many of which are Economic Development Commission beneficiaries, have been important to the Territory's economy. The sector began to slow down early in 2006, however, resulting in a job decline of 2.5 per cent in the fiscal year 2007 compared to 2006. According to the United States Virgin Islands Bureau of Economic Research, the stagnancy of the financial sector is largely due to the 2004 American Job Creation Act, which established additional requirements for residency in the Territory. Those changes have threatened the status of many of the beneficiaries of the programme of reduced taxation run by the Territory's Economic Development Commission as an incentive for corporations to open businesses. A number of businesses have since closed their operations, thereby substantially reducing tax revenues for the Territory. Recent federal Treasury Regulations in November 2006, which relaxed the residency requirements, may ease some concern and allow for the Economic Development Commission to rebound in the future.[16]

33. In January 2006, former Governor Turnbull announced the formation of a task force, with a mandate for two years, to study the feasibility of establishing a stock exchange in the Virgin Islands. However, since taking office in January 2007, Governor deJongh has asked for a wider feasibility study to assess the entire financial services environment, and to make recommendations on how best to expand and enhance the entire financial services industry, of which a stock exchange would form part. According to the administering Power, a request for proposals to engage a consultant to conduct the revised feasibility study is under review and should be published shortly.[15]

34. The Stanford Financial Group, a worldwide financial service provider and a beneficiary of the territorial tax incentive programme, broke ground in February 2008 on the construction of a large new state-of-the-art complex, to serve as a support base for company's global network of financial services companies.[28]

D. Transportation and communications

35. The Territory has five major docking facilities, which can accommodate cruise ships and some naval vessels. Three of the docks are on St. Croix, namely South Shore, Gallows Bay and Frederiksted. The remaining two are on St. Thomas, namely, the facilities operated in Crown Bay by the Virgin Islands Port Authority, a semi-autonomous Government agency, and the Islands-owned West Indian Company. The Port Authority operates two international airports, Cyril E. King Airport on St. Thomas and Henry E. Rohlsen Airport on St. Croix.

36. Governor deJongh announced in his 2008 State of the Territory Address that a priority in the Territory's multi-year investment plan would be to address traffic and

[28] *Caribbean Net News*, 9 January and 23 February 2008.

transportation issues, encompassing roads, parking and inter-island transportation.[29] To that end, territorial Commissioner of Public Works Darryl Smalls announced in January 2008 a Local Infrastructure and Improvement Plan. He expressed the hope that the legislature would provide annual pool of funds for the plan, enabling the agency to tackle necessary projects expeditiously without the need for a case-to-case appropriation from the department's general fund.[30]

37. The United States Federal Transit Administration has provided the Territory's Public Works Department with grant funding for specific projects totalling $400,000 to address the special needs of certain target groups such as low-income workers and the disabled in the public transport system.[31]

38. Meetings of the Inter-Virgin Islands Council between the United States and the British Virgin Islands take place on a regular basis to strengthen ties and coordinate areas of mutual interest between the Territories.[32] On 15 March 2007, Governor deJongh met with the British Virgin Island Chief Minister Orlando Smith in Tortola for their first formal meeting since the Governor took office. He stated his commitment to seeing the Council continue to perform a vital role addressing issues of concern to the two Territories. The leaders discussed the introduction of an airlift service between the two Territories, which they both agreed would be of mutual benefit.[33]

E. Utilities, water and sanitation

39. Electricity is thermally generated using imported fuels. The Virgin Islands Water and Power Authority serves approximately 47,000 customers. As previously reported (see A/AC.109/2007/7), the Water and Power Authority has started to look for ways to tackle rising energy costs by enhancing efficiency and finding alternative, renewable sources of power. The Territory's electric rates are among the highest in the United States, about three times higher than the average.[34] In his 2008 State of the Territory Address,[10] Governor deJongh said that the territorial Government cooperated with the federal Department of Energy as well as with the Water and Power Authority and local firms on efficiency and renewable energy projects. He also reaffirmed the territorial Government's commitment to reducing its utility usage by 20 per cent by 2012. The Water and Power Authority, which initiated an energy saving campaign among its customers, received an award early in 2008 from the United States Environmental Protection Agency for its efforts.[35]

40. Owing to limited freshwater supplies, salt water is used extensively for non-domestic purposes, including fire fighting and sewerage. The Water and Power Authority desalinates water and collects rainwater for domestic use. A desalination plant on St. Thomas produces 4.45 million gallons per day. Wells, particularly on St. Croix, supply the remainder of the freshwater necessary. Owing to the high cost

[29] State of the Territory address, 22 January 2008, www.governordejongh.com; *The Virgin Islands Daily News*, 24 January 2008.

[30] *St. Thomas Source*, 30 January 2008.

[31] *Caribbean Net News*, 23 January 2008.

[32] *The Virgin Islands Daily News*, 16 March 2007.

[33] www.governordejongh.com; www.virginislandsdailynews.com, 16 March 2007.

[34] *The Virgin Islands Daily News*, 2 February 2008.

[35] See http://www.viwapa.vi, 10 March 2008.

of water, average daily consumption is about 50 gallons per person per day, about one third the United States average.

41. In his State of the Territory Address, Governor deJongh announced his intention to submit legislation to disband the Territory's autonomous Waste Management Authority and place it under the control of the territorial Government. The Waste Management Authority was created in 2004 with the development of a fair and reasonable fee structure for waste disposal as part of its mandate. Dissatisfaction with the Waste Management Authority arose in 2007 over excessive spending and its plan to collect a waste fee on all goods arriving in the Territory. Governor deJongh said there was no indication that the Waste Management Authority could ever achieve financial independence and his expectation was that, under the control of the territorial Government, costs would be reduced and accountability increased.[36]

V. Military issues

42. As in the mainland United States, homeland security has become a major concern in the Territory. According to information provided by the administering Power, Governor deJongh met during the summer 2007, with the Committee on Homeland Security of the United States Congress to discuss, inter alia, issues of weapons and drug trafficking in the Territory and the need for federal border patrol and Coast Guard patrol stations to help to address the situation.[15]

VI. Social conditions

A. Labour

43. Employers in the Territory must follow federal and territorial labour laws, such as those regulating minimum wages, occupational health and safety standards and payment of Social Security tax and unemployment insurance. The minimum hourly wage reached $6.15 in January 2007, when an additional 50-cent increase went into effect. The unemployment rate fell to 6 per cent in 2007 compared to 6.2 per cent in 2006 and 7.4 per cent in 2005.[10] During 2007, 975 more jobs were added to the economy, mostly in the private sector.[10] About 70 per cent of the Territory's jobs are provided by the private sector.

44. Included in the budget for fiscal year 2008 is $30 million towards addressing unfunded liabilities in the Government Employees Retirement System. Legislation passed in early 2008 has also increased the employer contribution rate to the retirement system from 14.5 to 17.5 per cent.[10]

[36] State of the Territory address, 22 January 2008, www.governordejongh.com; *The Virgin Islands Daily News*, 23 January 2008.

B. Education

45. Education is compulsory and free for all children between five and a half and 16 years of age. The territorial Department of Education administers 15 schools on St. Thomas, 16 on St. Croix and 2 on St. John.

46. In his 2008 State of the Territory Address,[10] Governor deJongh reaffirmed that education reform remained one of his top priorities, pointing out that the only way to a sustainable future was through education. As a yardstick for reform efforts, one goal would be improvement of literacy in elementary schools, with all fourth graders reading at grade level within a five-year period.

47. The professional development of teachers was also a priority. Plans have also been outlined to entrust superintendents with management responsibilities and greater control over teacher recruitment. In addition, under the multi-year capital investment programme, the Governor also indicated that funds had been allocated for the maintenance and construction of new school facilities such as a new school on St. John and the relocation of a junior high school on St. Thomas.[29]

48. On 18 March 2008, the Territorial legislature in a vote passed the nomination of a new Education Commissioner, LaVerne Terry, to a post that had been vacant for more than a year. Speaking about her plans for the Department of Education, Ms. Terry said they included implementing curriculum changes, keeping close track of its use of federal funds, and conducting a needs assessment for each school; these priorities were reflected in the Administration's strategy for education reform. The new Commissioner highlighted the Department's responsibility to put in place all the academic, vocational and social programmes needed to prepare students for a variety of careers and interests, adding that "even in the most difficult conditions, dedicated teachers can bring out the best in a child".[37]

49. The territorial Department of Education reports on a regular basis on the progress made in educational reforms and on the challenges that remain. The third so-called Territorial Report Card was published in December 2007, which showed that the islands had made progress towards meeting the requirements of the federal No Child Left Behind Act of 2001. The Territory has also set up an evaluation framework, the Adequate Yearly Progress Report. Nearly half of the schools met the Adequate Yearly Progress requirements compared to eight schools in the first report, published in May 2006.[38]

50. With the ongoing installation of a new financial management system, the Enterprise Resource Planning System, the Territory is actively addressing financial management problems in its education funds and programmes, which had led to the withholding of all pending and new federal education grants since 1 July 2005.[39] According to information provided by the administering Power, a federal grant manager has been retained to act as the Third Party Fiduciary responsible for the management of federal grant funds awarded to the Territory by the United States Department of Education. To date, approximately $18 million has been reimbursed to the territorial Government of the $30 million previously withheld by the Department.[15]

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[37] *St. Thomas Source*, www.onepaper.com, 6 March and 18 March 2008.

[38] See http://www.doe.vi, 5 December 2007.

[39] Ibid., 5 September 2005.

51. The University of the Virgin Islands has campuses on St. Thomas and St. Croix and approximately 2,500 full- and part-time students. It offers bachelor's degree programmes in 33 fields and master's degree courses in education, business and public administration, as well as a recently introduced master's degree in marine and environmental science.[40]

C. Public health

52. According to the Bureau of Economic Research, 50 per cent of all United States Virgin Islands residents do not have health insurance, compared to 17 per cent nationwide.[41]

53. Unlike in the United States mainland, Medicaid (the federal- and state-funded health-care programme for low-income individuals and families) is not an entitlement programme in the Territory, which means that federal funding is capped. In testimony given at a meeting on Insular Affairs in Washington, D.C., in February 2008, Governor deJongh said that the federal Medicaid funding provided to the Territory was far from adequate, and requested more federal support to "ensure that the neediest residents in the Territories received no less favourable treatment than the neediest residents in the United States".[42]

54. The annual limit on federal contributions to the Territory's Medicaid programme and the high percentage of uninsured residents have a negative financial impact on health-care providers in the Territory, particularly hospitals (see A/AC.109/2007/7). In a hearing before the territorial Senate, health-care providers noted that many patients' inability to pay for medical services coupled with economic challenges such as high fuel costs had increased the financial problems that hospitals in particular were facing. The Medical Director of the Juan F. Luis Hospital on St. Croix noted that the hospital's uncollectibles, that is, from patients unable to pay for care, had risen to $30 million over the past few years.

55. As was previously reported (ibid.), a new cardiac centre at the Juan F. Luis Hospital in St. Croix is currently under construction; it will provide cardiac services and interventions to the residents of both the United States and British Virgin Islands. The completion of the facility was expected for October 2007, but construction was still ongoing in 2008. The project faced a further setback in February 2008, when the territorial Water and Power Authority refused to provide the centre with electricity needed to conduct a four-month test period for the facilities and equipment and to complete construction, owing to outstanding bills of $4.1 million.[43]

56. A December 2005 report from the Community Foundation of the United States Virgin Islands showed that almost one third of the Territory's children live in poverty, almost double the national average of 18 per cent.[44]

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[40] *Caribbean Net News*, 24 July 2007; http://strategicplan.uvi.edu/future_ov.html.

[41] *St. Thomas Source*, 1 February 2008.

[42] Ibid., 27 February 2008.

[43] *The Virgin Islands Daily News*, 1 February 2008.

[44] Ibid., 7 December 2005.

D. Crime and crime prevention

57. In his 2008 State of the Territory address, Governor deJongh called crime a continuing problem and explained that the Government's policy was aimed both at preventing and punishing crime. He announced that action would be taken to dissolve the Virgin Islands Drug Enforcement Bureau in order to strengthen the Police Department and to reduce overlaps with the federal Drug Enforcement Agency. He also drew attention to institutional changes which had already been implemented such as the establishment of a police auxiliary force and a "Cold Case Unit", dealing with unresolved criminal cases.[10]

58. Crime statistics for 2007 showed that serious crimes such as homicides, arson and auto theft had risen slightly over previous years and that the Territory continued to be one of the most violent places in the United States.[45] The Virgin Island's 2007 homicide rate per capita was 42 for every 100,000 residents, compared to a national rate of 5.5 homicides per 100,000 residents. The Territory's Police Department was continuing its efforts to reduce the amount of illegal guns and to engage with community groups in the area of prevention of violent crime.[45]

VII. Environment

A. Protection of natural resources

59. A study by the National Oceanic and Atmospheric Administration concluded in August 2005 that the Territory's coral reefs were affected by at least 10 categories of stress, including climate change, disease, tropical storms, coastal development and runoff, coastal pollution, and tourism and recreation. These ecological challenges were discussed at the biannual meetings of the United States Coral Reef Task Force, which took place in Washington, D.C., in February 2007 and in American Samoa in August 2007. Those meetings followed up on the October 2006 meeting in St. Thomas, where the United States Virgin Islands called for increased public-private partnerships to address reef degradation.

B. Disaster preparedness

60. The United States Virgin Islands faces recurrent hurricanes and flooding, in addition to being located within an earthquake-risk zone. The Federal Emergency Management Agency provides programmes of mitigation, preparedness, response and recovery in the Territory through the Virgin Islands Territorial Emergency Management Agency. In January 2008, Governor deJongh presented a proposal to remove the Agency from the Territory's National Guard and bring it under local government control, since the Agency's priority was prevention and preparedness, while the National Guard's focus was on reaction. Moreover, the portfolio of emergency management had expanded to include such issues as epidemics, chemical spills and utility malfunctions.[29]

[45] *The Virgin Islands Daily News*, 16 January 2008.

VIII. Future status of the Territory

A. Position of the territorial Government

61. Developments regarding discussions on the future status of the United States Virgin Islands are reflected in section II above.

B. Position of the administering Power

62. At the sixty-first session of the General Assembly, speaking on 22 December 2006, in explanation of vote after the adoption of resolution 61/231 on the implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples by the specialized agencies, the United States representative inter alia stated the following:

> "The very term 'non-self-governing' seems inappropriate for territories able to establish their own constitution, elect their own public officers, have representation in Washington, D.C., and choose their own economic path. The United States was fully supportive when countries chose independence, and was proud to welcome them as equal and sovereign partners. In the case of Territories that did not choose independence, however, the United States has also supported the right of people in those Territories to a full measure of self-government, including the rights to integration and free association. The United States calls upon all Member States to respect the choices made by residents of Non-Self-Governing Territories" (see A/61/PV.84).

63. The Assistant Secretary of State for legislative affairs, in a letter dated 2 November 2006 to the American Samoa Congressman, outlined the position of the United States Government on the status of American Samoa and other United States Insular Areas. The Assistant Secretary's letter noted that the status of those Insular Areas regarding their political relations with the federal Government were United States internal issues and not those of the Special Committee on Decolonization. The letter also noted that the Committee had no authority to alter in any way the relationship between the United States and those Territories and no mandate to engage the United States in negotiations on their status. The letter further stated that at the same time, under its United Nations Charter obligations to provide regularly to the United Nations statistical and other information of a technical nature relating to economic, social and educational conditions in the Territory, the federal Government did submit annual updates about the United States Territories to the Committee as a demonstration of United States cooperation as an administering Power. The annual reports were also an opportunity to correct any errors in information the Committee might have received from other sources. The General Assembly had agreed in 1960 to a set of principles governing whether a territory was non-self-governing and the United States would have to provide the Committee with information showing that those principles were satisfied before the Committee would agree to "de-list", these Insular Areas.[46]

[46] http://samoanews.com, 7 November 2007.

C. Action taken by the General Assembly

64. On 17 December 2007, the General Assembly adopted, without a vote, resolutions 62/118 A and B, based on the report of the Special Committee transmitted to the General Assembly[47] and its subsequent consideration by the Special Political and Decolonization Committee (Fourth Committee) (A/62/412). Section XI of resolution 62/118 B concerns the United States Virgin Islands. Under that section's operative paragraphs, the General Assembly:

1. *Requests* the administering Power to assist the territorial Government in achieving its political, economic and social goals, in particular through the upcoming internal Constitutional Convention exercise;

2. *Also requests* the administering Power to assist the Territory in facilitating its work concerning a public education programme, consistent with Article 73 *b* of the Charter of the United Nations, and calls upon the relevant United Nations organizations to provide assistance to the Territory, if requested, in the context of its public education programme;

3. *Reiterates its call* for the inclusion of the Territory in regional programmes of the United Nations Development Programme, consistent with the participation of other Non-Self-Governing Territories;

4. *Welcomes* the ongoing work of the Inter-Virgin Islands Council between the elected Governments of the United States Virgin Islands and the British Virgin Islands as a mechanism for functional cooperation between the two neighbouring Territories;

5. *Notes* the position of the territorial Government supporting the ownership and control of the natural resources of the Territory, including marine resources, and its calls for the return of those marine resources to its jurisdiction.

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[47] *Official Records of the General Assembly, Sixty-second Session, Supplement No. 23* (A/62/23).